

Message Text

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ACTION EUR-12

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TAGS: ECON, CA
SUBJECT: CBC REPORTS NO HEAD OFFICE EXODUS

1. BEGIN SUMMARY CBC SURVEY FOR TELEVISION SUGGESTS THAT THERE IS NO HEAD OFFICE EXODUS OUT OF QUEBEC. OF 90 MAJOR CANADIAN FIRMS WHICH HAVE THEIR HEAD OFFICES IN MONTREAL, CBC REPORTS THAT MOST INTEND TO STAY, AND THAT 87 ARE NOT PLANNING TO MOVE ANY HEAD OFFICE STAFF. PROGRAM APPEARED OVERLY OPTIMISTIC AND NAIVE. COMMENTS OF PANEL CAST SITUATION IN MORE SOMBER LIGHT, WITH EMPHASIS ON DECREASING ATTRACTION OF QUEBEC AS ECONOMIC CENTER RELATIVE TO OTHER AREAS IN CANADA. END SUMMARY.

2. A SURVEY CONDUCTED BY CBC SUGGESTS THAT THERE IS NO HEAD OFFICE EXODUS OUT OF MONTREAL. OF 90 MAJOR CANADIAN COMPANIES WITH HEADQUARTERS IN MONTREAL, 87 TOLD CBC THAT THEY WERE NOT PLANNING TO MOVE ANY HEAD OFFICE STAFF. WHEN QUESTIONED AS TO WHETHER THEY HAD FORMALLY DISCUSSED MOVING THE HEAD OFFICE, MOST GAVE ANSWERS WHICH, TO CBC'S MIND, INDICATED THAT HEAD OFFICES WOULD REMAIN IN MONTREAL.

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3. SURVEY WAS CONDUCTED BY TELEPHONE AND REVEALED THAT THE 90 MAJOR CANADIAN COMPANIES WITH HEAD OFFICES IN MONTREAL HAD 610,000 EMPLOYEES WORLDWIDE. OF TOTAL, 235,000 WERE EMPLOYED IN QUEBEC, 265,000 IN OTHER PROVINCES IN CANADA, AND 110,000 ELSEWHERE. HEAD OFFICE STAFFS OF THE 90 COMPANIES TOTALED 36,000, OF WHICH 32,000 WERE EMPLOYED IN MONTREAL AND 4000 ELSEWHERE IN CANADA. ON QUESTION OF WHETHER COMPANIES WERE

NOW PLANNING TO MOVE ANY STAFF, 87 SAID THEY PLANNED NO MOVE AT ALL, 2 SAID THEIR PLANS WERE CONFIDENTIAL, AND 1 - SUN LIFE - SAID THAT IT WAS PLANNING TO MOVE 1200. SAME FIRMS SAID THAT THEY HAD MOVED 1000 HEAD OFFICE EMPLOYEES DURING LAST TWO YEARS. MOST OF 1000 TOTAL WAS RESULT OF MOVES BY BANK OF MONTREAL, ROYAL TRUST, ROYAL BANK, COMBUSTION ENGINEERING, STANDARD BRANDS, AND SUN LIFE.

4. QUESTION REGARDING HEAD OFFICE MOVE WAS PHRASED AS FOLLOWS: HAS YOUR BOARD OF DIRECTORS FORMALLY DISCUSSED MOVING THE HEAD OFFICE? FIFTY-FIVE COMPANIES REPORTED BOARDS HAD NOT DISCUSSED MOVE, 9 REPORTED THEIR BOARDS HAD DISCUSSED MOVE AND HAD DECIDED TO STAY, 15 REPORTED THERE HAD BEEN DISCUSSIONS BUT NO DECISION, 1 - SUN LIFE - HAD TAKEN DECISION TO MOVE, AND 10 GAVE NO ANSWER AT ALL TO CBC QUESTION.

5. FOR PRESENTATION OF RESULTS ON TELEVISION, CBC HAD PANEL COMPOSED OF PAUL PARE, PRESIDENT OF IMASCO; MAURICE SAUVE, VICE-PRESIDENT OF CONSOLIDATED BATHURST, DAVID ARMSTRONG, PROFESSOR, FACULTY OF MANAGEMENT, MCGILL UNIVERSITY. PANELISTS SEEMED TO AGREE THAT MOVEMENT OUT OF QUEBEC ON PART OF MAJOR COMPANIES WAS NOT DUE TO POLITICAL SITUATION, BUT RATHER TO OPPORTUNITY COSTS OF STAYING IN QUEBEC, WHEN BUSINESS WAS BETTER ELSEWHERE. RECENT MOVES WERE CONTINUATION OF TREND WHICH BEGAN SOME TIME AGO. IN ANY BUSINESS DECISION INVOLVING PROS AND CONS OF LOCATION, ARMSTRONG POINTED OUT, HOWEVER, THAT AS LONG AS SEPARATION COULD BE GIVEN UNCLASSIFIED

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MORE THAN A NON-ZERO PROBABILITY, IT WOULD TEND TO MILITATE AGAINST QUEBEC.

6. WITH REGARD TO PARTICIPATION OF FRANCOPHONES IN MANAGEMENT, PARE ACKNOWLEDGED--AFTER COMMENTING THAT IN SPITE OF HIS FRENCH NAME HE DIDN'T "SPEAK THE DAMN LANGUAGE" - THAT MAJOR CANADIAN FIRMS HAD BEEN SLOW TO MAKE PLACE FOR FRANCOPHONES AND THAT ANGLOPHONES HAD STRANGLEHOLD ON BOARD ROOMS. SAUVE POINTED OUT THAT REAL CONCERN WAS NOT IN BOARD ROOMS BUT IN EXECUTIVE LEVELS. SAUVE, WHO HAS MADE DETAILED STUDY OF ISSUE, SAID THAT WHILE THERE HAS BEEN SIGNIFICANT IMPROVEMENT OVER LAST TEN YEARS IN NUMBER OF FRANCOPHONES REACHING MANAGEMENT LEVELS, WITH PERCENTAGE OF EXECUTIVES WHO ARE FRANCOPHONE NOW AMOUNTING TO 9.5 PERCENT, THERE HAD BEEN NO IMPROVEMENT OVER LAST TWO YEARS.

7. COMMENT: PROGRAM STRUCK US AS AN EFFORT TO THROW BEST POSSIBLE LIGHT ON QUEBEC SITUATION. MOREOVER, ASSUMPTION THAT COMPANIES WOULD REVEAL REAL INTENTIONS TO CBC TELEPHONE INQUIRY IS NAIVE. AS PARE POINTED OUT, WHILE COMPANIES MAY NOT HAVE HAD A TRANSFER ON THEIR BOARD AGENDAS, MOST HAVE DISCUSSED LITTLE ELSE DURING LAST YEAR. PANEL ALSO NOTED ANOTHER SHORTCOMING, WITH WHICH WE AGREE: WHILE HEAD OFFICES ARE STAYING, PEOPLE AND SMALLER FIRMS

ARE LEAVING. IN VIEW OF TREND OVER LAST SEVERAL YEARS, WE
WOULD ALSO QUESTION RESPONSES OF THOSE 87 COMPANIES WHO SAID
THEY HAVE NO PLANS TO MOVE ANY STAFF. AND WHILE HEAD OFFICES
MAY BE STAYING, SURVEY SAID NOTHING ABOUT INTENTIONS OF THOSE
FIRMS WITH REGARD TO INVESTMENT AND BUSINESS IN QUEBEC. IN THIS
CONNECTION, WE THOUGH SAUVE PUT ISSUE IN PROPER PERSPECTIVE.
REAL PROBLEM, HE SAID, IS DIVERGENCE IN GROWTH OVER LAST DECADE,
WITH EMPLOYMENT IN MONTREAL FIRMS STAGNANT, AT BEST, WHILE EMPLOY-
MENT IN OFFICES, OFTEN OF SAME COMPANIES, IN TORONTO HAS SUB-
STANTIALY INCREASED.
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